

SENATE BILL 259

R2

11r0047

(PRE-FILED)

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Transportation)**

Requested: September 23, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 28, 2021

CHAPTER _____

1 AN ACT concerning

2 **Department of Transportation – Grant Anticipation Revenue Vehicle Bonds –**
3 **Calculation of Debt Limit**

4 FOR the purpose of altering the calculation of the maximum amount of debt secured by
5 future federal aid that the Department of Transportation may issue; providing that
6 the maximum amount of debt that may be issued is calculated as of a certain date;
7 providing that the proceeds from the issuance of certain debt may be used only for
8 certain purposes; and generally relating to the amount of debt that the Department
9 of Transportation may issue.

10 BY repealing and reenacting, with amendments,
11 Article – Transportation
12 Section 3–601
13 Annotated Code of Maryland
14 (2020 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Transportation**

18 3–601.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) In order to utilize to the greatest extent possible the benefits of available
2 financial resources relating to transportation purposes, including federal grants, loans,
3 transportation facility revenue sources, and other programs, the Department from time to
4 time may issue its bonds and otherwise borrow funds, as provided in this subtitle, to finance
5 the costs of transportation facilities.

6 (b) The Department may apply for any financial assistance in support of projects
7 deemed appropriate by the Secretary.

8 (c) The Department may undertake the following actions and do all things
9 necessary and appropriate consistent with such actions to utilize the available resources
10 specified in subsection (a) of this section:

11 (1) Pledge and use existing and anticipated federal funds paid to or
12 expected to be paid to the Department for transportation purposes for the payment of the
13 principal of and interest on the Department's bonds or other debt obligations issued under
14 this subtitle to finance the costs of transportation facilities; and

15 (2) (i) Borrow funds from the federal government or its agencies, and
16 evidence such borrowing with a promissory note or other evidence of obligation;

17 (ii) Borrow funds from a nongovernment lender if the loan is
18 guaranteed by the federal government or its agencies; and

19 (iii) 1. Use the proceeds of the loans described in items (i) and (ii)
20 of this paragraph in connection with transportation facilities including use of the proceeds
21 to pay the costs of financing transportation facilities and the payment of debt service on the
22 Department's bonds issued in connection with such transportation facilities;

23 2. Repay the loans with revenues attributable to the
24 transportation facilities being financed; and

25 3. Pledge revenues attributable to the transportation
26 facilities being financed in order to secure the Department's obligations to the federal
27 government or its agencies or a nongovernment lender in connection with the loans.

28 (d) If the Department intends to pledge any future federal aid from any source to
29 support repayment of bonds issued under this subtitle:

30 (1) The aggregate **OUTSTANDING AND UNPAID** principal amount of debt
31 issued under this subtitle or Title 4, Subtitle 3 of this article that is secured by a pledge of
32 future federal aid may not exceed \$750,000,000 **AS OF JUNE 30 OF ANY YEAR, PROVIDED**
33 **THAT THE PROCEEDS MAY BE USED ONLY FOR:**

34 **(I) DESIGNING AND CONSTRUCTING THE PENN-CAMDEN**
35 **CONNECTOR;**

1 **(II) PROCURING ELECTRIC BUSES AND CONSTRUCTING**
2 **RELATED INFRASTRUCTURE;**

3 **(III) DEVELOPING AND CONSTRUCTING THE SOUTHERN**
4 **MARYLAND TRANSPORTATION CORRIDOR, INCLUDING;**

5 **1. ROUTES 2, 4, 5, 228, AND 301;**

6 **2. THE GOVERNOR HARRY W. NICE**
7 **MEMORIAL/SENATOR THOMAS "MAC" MIDDLETON BRIDGE; AND**

8 **3. THE GOVERNOR THOMAS JOHNSON MEMORIAL**
9 **BRIDGE;**

10 **(IV) IMPROVING MARYLAND ROUTE 210;**

11 **(V) THE BALTIMORE AND POTOMAC TUNNEL EXPANSION; OR**

12 **(VI) THE INTERSTATE 81 PHASE 2 CORRIDOR EXPANSION;**

13 (2) The date of maturity may not be later than 12 years after the date of
14 issue;

15 (3) Notwithstanding § 3-215(d) of this title, if future federal aid is
16 insufficient to pay the principal of and interest on the bonds issued under this subtitle when
17 due, the tax levied under § 3-215 of this title, to the extent the proceeds of such tax are not
18 necessary to provide the sinking fund required under § 3-215(c) of this title, is irrevocably
19 pledged to the payment of the principal of and interest on the bonds issued under this
20 subtitle as they become due and payable;

21 (4) The lien of the pledge under item (3) of this subsection shall at all times
22 be subordinate to the lien of the pledge of such tax under § 3-215(d) of this title to the
23 payment of principal of and interest on consolidated transportation bonds; and

24 (5) No part of the tax levied under § 3-215 of this title may be repealed,
25 diminished, or applied to any other purpose until:

26 (i) The bonds issued under this subtitle and interest on them have
27 become due and fully paid; or

28 (ii) Adequate and complete provision for payment of the principal
29 and interest has been made.

30 (e) (1) By resolution of the Secretary, the Department may:

31 (i) Borrow funds to finance the costs of transportation facilities;

1 (ii) Evidence the borrowing by the issuance and sale of
2 revenue-backed bonds; and

3 (iii) Pledge and use a dedicated revenue source, which may include
4 revenues attributable to the transportation facilities being financed, for the payment of the
5 principal of and interest on the Department’s revenue-backed bonds described in this
6 subsection.

7 (2) Payment of the principal of or interest on revenue-backed bonds issued
8 under this subtitle may not be supported directly or indirectly by State tax revenues
9 pledged to meet debt service on Consolidated Transportation Bonds as prescribed under §
10 3-215 of this title.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.